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MICHIGAN HOUSE OF REPRESENTATIVES

**HOLLY HUGHES**  
STATE REPRESENTATIVE

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House Commerce Committee

HB 4735

When considering how the Renaissance Zone we are looking to extend fits into the broader picture, we feel that it is necessary to consider the nature and history of the project in question. Looking back to the postwar era, Muskegon, like many other communities was struggling with a loss of population and commercial activity in its traditional core downtown as activity shifted to the suburbs. While some cities tried to stem this loss by closing off streets to automobile traffic and installing pedestrian malls, and others simply wilted and died, in the 1970s, Muskegon chose to try something revolutionary by enclosing dozens of buildings lining several blocks of Western Avenue under a roof and turned what had been the street into a plaza, creating what was effectively a suburban-style mall in its downtown.

This experiment was successful for a time, but after several ups and downs, by 2002, the mall had failed and was completely vacant. At this point, a non-profit corporation known as the Downtown Muskegon Development Corporation was formed with monies from the Community Foundation for Muskegon County, the Paul C. Johnson Foundation, and the Muskegon Area Chamber of Commerce Foundation, the DMDC then acquired the property and demolished the mall with the exception of several properties that were not fully enclosed and were still viable for redevelopment.

With the mall gone, downtown as a commercial district was for all intents and purposes, shut down. Over the next several years, the DMDC worked with the city to get the street grid put back in place, conducted exhaustive planning, and formed a cohesive plan to

redevelop downtown into the vital core it once was. This redevelopment was moving full-steam ahead thanks in large part to the tax incentives offered by the Renaissance Zone designation. From 2002 to 2008, nearly \$200 million was invested in various downtown projects including the Chamber of Commerce building, the Sidock Building, and the Culinary Institute of Michigan, all on the former mall site.

As with everywhere else, Muskegon was hit hard with the economic crisis, and investment ground to a halt. Planned project on the mall site were put on hold due to a lack of lending by the banking industry.

Now, with lending activity just showing signs of freeing up, we are faced with the prospect of the Renaissance Zone expiring, we risk losing the best tool and incentive we have to continue the revitalization of our downtown.

Currently, the status quo has been that if a development agreement is in place, the Renaissance Zone can be extended on a parcel-by-parcel basis only. While this may make sense in other situations, we feel that the situation here in Muskegon is unique. In other municipalities, the Renaissance Zone has been used on limited depressed areas and parcels, but we are unaware of any similar situations where the redevelopment of what amounts to an entire downtown in a mid-sized city has hinged upon this incentive. It should also be noted that the parcels in question are wholly owned by the DMDC which has zero profit motive and will cease to exist once its holdings are sold.

In light of the current lending situation and still-weak economy, we view this incentive as essential to the future of the heart of our city and region.

# NEXTWORK DEVELOPMENT MUSKEGON

progressive



